

LIVINGSTON PARISH FIRE PROTECTION DISTRICT NO.2
SPRINGFIELD, LOUISIANA

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JUN 27 2012**

PHIL HEBERT
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL ACCOUNTING CORPORATION

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana

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As of and for the Year Ended December 31, 2011

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Independent Accountant's Review Report

To the Board of Commissioners
Livingston Parish Fire Protection District No. 2
Springfield, Louisiana

I have reviewed the accompanying financial statements of the governmental activities and the major fund of Livingston Parish Fire Protection District No. 2, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of Livingston Parish Fire Protection District No. 2. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

The management of Livingston Parish Fire Protection District No. 2 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the *Louisiana Government Audit Guide* and the provisions of state law, I have issued a report dated May 14, 2012 on the results of my agreed-upon procedures.

My review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The budgetary comparison information on page 20, is presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in appropriate operational, economic, or historical context. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. I have not audited or reviewed the supplementary information and accordingly, I do not express an opinion or provide any assurance on such supplementary information.

Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Respectfully submitted,

Phil Hebert

Phil Hebert CPA

A Professional Accounting Corporation

May 14, 2012

Basic Financial Statements

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Statement of Net Assets
December 31, 2011

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and Bank Accounts	\$ 98,713
Ad Valorem Taxes Receivable	277,411
Revenue Sharing Receivable	2,515
Allowance for Uncollectible Taxes	(5,000)
Prepaid Insurance	32,208
Capital Assets, Net	<u>532,181</u>
Total Assets	<u>\$ 938,028</u>
Liabilities	
Accounts Payable	\$ 2,743
Payroll Payable	1,507
Pension Funds Payable	11,031
Current Portion of Long-Term Obligations	20,751
Non-Current Portion of Long-Term Obligations	<u>21,563</u>
Total Liabilities	<u>\$ 57,595</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	\$ 489,867
Unreserved, Undesignated	<u>390,566</u>
Total Net Assets	<u>\$ 880,433</u>

See accompanying notes and independent accountant's review report.

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Statement of Net Activities
For the Year Ended December 31, 2011

Exhibit B

		<u>Program Revenues</u>		<u>Net Revenue (Expense) and Changes in Net Assets</u>
	<u>General Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>
Governmental Activities:				
Fire Protection	\$ 242,067	\$ -	\$ -	\$ (242,067)
Debt Service Interest	2,435	-	-	(2,435)
Depreciation Expense	57,149	-	-	(57,149)
Total Governmental Activities	<u>301,651</u>	<u>-</u>	<u>-</u>	<u>(301,651)</u>
General Revenues:				
Ad Valorem Tax Revenue				284,377
Contributions				400
Hall Rent				8,781
Insurance Rebate				48,998
Interest Income				100
State Revenue Sharing				2,515
Miscellaneous Income				<u>23</u>
Total General Revenues				<u>345,194</u>
Change in Net Assets				43,543
Net Assets - Beginning of the Year				<u>836,890</u>
Net Assets - End of the Year				<u>\$ 880,433</u>

See accompanying notes and independent accountant's review report.

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Governmental Fund – Balance Sheet
December 31, 2011

Exhibit C

	<u>General Fund</u>
Assets	
Cash and Bank Accounts	\$ 98,713
Ad Valorem Taxes Receivable	277,411
Revenue Sharing Receivable	2,515
Allowance for Uncollectible Taxes	<u>(5,000)</u>
Total Assets	<u>\$ 373,639</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts Payable	\$ 2,743
Payroll Payable	1,507
Pension Funds Payable	<u>11,031</u>
Total Liabilities	15,281
Fund Balance:	
Unassigned	<u>358,358</u>
Total Fund Balance	<u>358,358</u>
Total Net Assets	<u>\$ 373,639</u>

See accompanying notes and independent accountant's review report.

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Assets
For the Year Ended December 31, 2011

Exhibit D

Total Fund Balances, Governmental Funds (Exhibit C)	\$ 358,358
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Governmental Capital Assets, Net of Depreciation	532,181
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Prepaid insurance is not accrued and is therefore not reported in the governmental funds:

Prepaid Insurance	32,208
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Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds:

Capital Lease Obligations - Short-Term	(20,751)
Capital Lease Obligations - Long-Term	<u>(21,563)</u>

Net Assets of Governmental Activities (Exhibit A)	\$ <u>880,433</u>
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See accompanying notes and independent accountant's review report.

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended December 31, 2011

Exhibit E

	<u>General Fund</u>
Revenues:	
Ad Valorem Tax Revenue	\$ 284,377
Contributions	400
Hall Rent	8,781
Insurance Rebate	48,998
Interest Income	100
State Revenue Sharing	2,515
Miscellaneous Income	<u>23</u>
Total Revenues	345,194
Expenditures:	
Salaries and Related Benefits	55,845
Bad Debts	13,179
Building Maintenance	25,327
Cleaning	1,981
Communications	847
Insurance	44,980
Medical Supplies	2,022
Office Supplies	6,463
Pension Fee	11,031
Professional Fees	5,329
Utilities	13,793
Vehicle Maintenance	30,885
Miscellaneous	13,564
Transfers to Volunteer Fire Department	18,000
Capital Outlay	27,938
Debt Service:	
Principal	19,971
Interest	<u>2,435</u>
Total Expenditures	<u>293,590</u>
Excess (Deficiency) of Revenues over Expenditures	51,604
Fund Balance - Beginning of the Year	<u>306,754</u>
Fund Balance - End of the Year	<u>\$ 358,358</u>

See accompanying notes and independent accountant's review report.

Livingston Parish Fire Protection District No. 2**Exhibit F****Springfield, Louisiana****Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance to the Government-Wide Statement of Activities
For the Year Ended December 31, 2011****Net Change in Fund Balances, Governmental Funds (Exhibit E) \$ 51,604**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

Capital Outlay	27,938
Depreciation Expense	(57,149)

Governmental funds expense insurance payments when paid. In the statement of activities, only the portion applicable to the current year is expensed. The remaining is recorded in the statement of net assets as prepaid insurance.

Prior Year Prepaid Insurance	(31,029)
Current Year Prepaid Insurance	32,208

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds because:

Lease proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Payment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.:

Proceeds	-
Repayments	19,971

Change in Net Assets of Governmental Activities (Exhibit B) \$ 43,543

See accompanying notes and independent accountant's review report.

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Notes to Financial Statements
For the Year Ended December 31, 2011

Narrative Profile

The Fire Protection District No. 2 of Livingston Parish (hereinafter referred to as the "District") was created on June 16, 1971, by the Livingston Parish Council as authorized by Act 194 of 1942 Regular Session of the Louisiana Legislature. The District was created for the purpose of acquiring, maintaining, and operating buildings, machinery, equipment, water tanks, water hydrants and waterlines, and other things necessary to provide proper fire prevention and control of the property within the District. The boundaries of the District encompass all of Ward 6 and Ward 10 of Livingston Parish and provide fire protection to approximately 4,200 residents. The District is governed by a board of commissioners consisting of five members who are resident taxpayers of the District. These five commissioners are referred to as the Board of Commissioners. Two members are appointed by the Livingston Parish Council, one member is appointed by the Town of Springfield and one member is appointed by the Village of Killian, the municipal corporations located with the District. The fifth board member is selected by the other four board members and serves as chairperson. The members serve terms of two years. Vacancies are filled by the bodies making the original appointments.

The District has eight paid employees: one clerical employee, one fire chief, and six paid firefighters. The District maintains an office and fire station in Springfield, Louisiana, and four additional fire stations with the district in the communities of Killian, Lizard Creek, Bayou Barbary, and Hutchinson.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

B. Financial Reporting Entity

All board members of the District are appointed by the Livingston Parish Council. As the governing authority of the Parish, for reporting purposes, the Livingston Parish Council is the financial reporting entity for Livingston Parish. The financial reporting entity consists of (a) primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete. Because the board members of the District are appointed by the Livingston Parish Council, the District was determined to be a component unit of the Livingston Parish Council.

The accompanying basic financial statements present information only on the fund maintained by the District and do not present information on the Livingston Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2011

C. Fund Accounting

The District uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the District. The following is the District's governmental fund.

General Fund – the primary operating fund of the District, which accounts for all the operations of the District, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.

D. Measurement Focus / Basis of Accounting

Basic Financial Statements – Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include all the non-fiduciary activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues.

The District does not allocate indirect expenses.

Basic Financial Statements – Governmental Funds

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2011

generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of District's operations.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred, except for interest and principal payments on long-term debt, which are recognized when due, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Ad valorem tax revenue, state revenue sharing revenue, and interest revenue are recorded when due. Substantially all other revenues are recorded when received.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Reconciliation – Explanation of differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements

E. Budgets and Budgetary Accounting

Budgetary procedures applicable to the District are defined in state law, Louisiana Revised Statutes 39:1301-15. The major requirements of the Local Government Budget Act are summarized as follows:

1. The District adopts a budget each year for the general fund.
2. The District's secretary and Fire Chief prepare a proposed budget and submit it to the Board of Commissioners for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$500,000 or more, a notice of public hearing on the proposed budget must be published in the official journal. The proposed expenditures were less than \$500,000; therefore, a public hearing was not required.
3. All action necessary to adopt and implement the budget must be completed prior to the beginning of the fiscal year. The budget was adopted on December 16, 2010.
4. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Commissioners. The budget was amended on December 6, 2011.

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2011

5. Formal budgetary integration is not employed; however, periodic budget comparisons are made as a part of interim reporting. Budgeted amounts included in the accompanying financial statements include the revised adopted budget amounts. The amounts are reconciled to the amounts reflected on the budget comparison statements as follows:

Excess of Revenues over Expenditures (Exhibit E)	\$ 51,604
Add: Prior Year Receivables	262,097
Current Year Payables	15,281
Less: Current Year Receivables	(279,926)
Prior Year Payables	<u>(14,382)</u>
Excess of Revenues over Expenditures (Schedule 1)	<u>\$ 34,674</u>

F. Cash, Cash Equivalents, and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Under State law, the District may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments for the District are stated at cost.

G. Inventory

Inventories for supplies are immaterial and are recorded as expenditures / expenses when purchased.

H. Prepaid Items

The District recognizes expenditures for insurance and similar services extending over more than one accounting period when paid.

I. Capital Assets

Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2011

Land	N/A
Buildings	40
Equipment	5 - 12
Vehicles	5 - 15

J. Pension Plans

The District is not a member of any retirement system, but is a member of the social security system.

K. Long-Term Obligations

Long-Term Obligations are recorded in the Statement of Net Assets and the Statement of Activities.

L. Compensated Absences

The District does not pay for vacation or sick leave, and, as a result, has no liability for compensated absences at December 31, 2011.

M. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the Board of Commissioners (the District's highest level of decision-making authority).
4. Assigned fund balances are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balances are the residual classification for the District's general fund and include all spendable amounts not contained in the other classifications.

The District's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order, at the end of the fiscal year by adjusting journal entries.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2011

non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

As of December 31, 2011, the District did not have any nonspendable, restricted, committed, or assigned fund balances.

N. Restricted Net Assets

For the government-wide statement of net assets, equity is classified and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets – Consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or by (b) laws through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make various estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. Levied Taxes

The following is a summary of authorized and levied ad valorem taxes:

General Fund	10.00 Mills
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Ad valorem taxes attach as an enforceable lien on property on January 1 each year. Taxes are levied by the District during the year, are billed to taxpayers, and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when billed. The Livingston Parish Sheriff’s Office bills and collects the property taxes using the assessed value determined by the Livingston Parish Tax Assessor. The taxes are generally collected in December of the current year and January and February of the ensuing year. For 2011, the District levied 10 mills for a total tax levy of \$284,377 on taxable property valuation totaling \$28,437,740.

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2011

3. Cash and Cash Equivalents

As reflected on Exhibit A, the District has cash and cash equivalents totaling \$98,713 at December 31, 2011. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledged securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The following is a summary of cash and cash equivalents at December 31, 2011, with the related federal deposit insurance and pledged securities.

Bank Balances:

Insured (FDIC Insurance)	\$ 107,398
Uninsured and Collateralized:	
Collateral held by pledging bank's trust department not in the District's name	-
Uninsured and Uncollateralized	-
Total Deposits	<u>\$ 107,398</u>

Even though the pledged securities are not held in the entity's name, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

4. Receivables

Receivables represent revenues earned in 2011 and received in 2012 as follows:

Ad Valorem Taxes	\$ 277,411
State Revenue Sharing	2,515
Less: Allowance for Uncollectible Taxes	<u>(5,000)</u>
Accounts Receivable, Net	<u>\$ 274,926</u>

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2011

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2011 are as follows:

	Balance 01/01/11	Increases	Decreases	Balance 12/31/11
Capital Assets Not Being Depreciated:				
Land	\$ 23,000	\$ -	\$ -	\$ 23,000
Total Capital Assets Not Being Depreciated	23,000	-	-	23,000
Other Capital Assets:				
Buildings	247,393	26,762	-	274,155
Equipment	414,118	1,176	-	415,294
Vehicles	619,835	-	-	619,835
Total Other Capital Assets	1,281,346	27,938	-	1,309,284
Less Accumulated Depreciation:				
Buildings	63,540	5,941	-	69,481
Equipment	324,423	23,376	-	347,799
Vehicles	354,991	27,832	-	382,823
Total Accumulated Depreciation	742,954	57,149	-	800,103
Other Capital Assets, Net	538,392	(29,211)	-	509,181
Totals	\$ 561,392	\$ (29,211)	\$ -	\$ 532,181

6. Long-Term Debt

The following is a summary of debt transactions for the District for the year ended December 31, 2011:

Type of Debt	Balance at 01/01/11	Debt Issued	Debt Retired	Balance at 12/31/11	Amounts Due Within One Year
Capital Lease Obligation	\$ 62,285	\$ -	\$ 19,971	\$ 42,314	\$ 20,751
Total Debt	\$ 62,285	\$ -	\$ 19,971	\$ 42,314	\$ 20,751

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2011

Long-term debt at December 31, 2011 is comprised of the following:

Capital Lease Obligation:

\$100,000 Capital Lease Obligation payable to Hancock Bank of Louisiana dated 11/20/08.

Due in 5 annual installments of \$22,405.95. With interest at 3.91% (Payable from a pledge of the excess revenues of the General Fund.)

42,314

Total Capital Lease Obligation

\$ 42,314

The annual requirements to amortize all debt outstanding at December 31, 2011, including interest payments of \$2,498 are as follows:

Year Ended	\$100,000 Capital Lease	Total
December 31, 2012	\$ 22,406	\$ 22,406
December 31, 2013	22,406	22,406
	44,812	44,812
Less: Amount Representing Interest	2,498	2,498
	<u>\$ 42,314</u>	<u>\$ 42,314</u>

7. Contract with the Fire Protection District No. 2 of Livingston Parish Volunteer Fire Department

For the year ended December 31, 2011, amounts totaling \$18,000 were transferred to the Fire Protection District #2 of Livingston Parish Volunteer Fire Department in accordance with an existing cooperative endeavor agreement in which the Volunteer Fire Department would provide fire protection services to the District. These amounts are accounted for and reported separately in the financial statements of the Fire Protection District #2 of Livingston Parish Volunteer Fire Department.

8. Compensation Paid Board Members

Louisiana Revised Statute 40:1498 provides that each member of the District may receive compensation in the amount of thirty dollars per meeting, not to exceed two meetings in any one calendar month. Currently, the District does not pay compensation to board members.

Required Supplemental Information (Part II)

Budgetary Comparison Schedule

Livingston Parish Fire Protection District No. 2

Schedule 1

Springfield, Louisiana

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget (Non-GAAP Basis) and Actual
For the Year Ended December 31, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
Revenues:				
Ad Valorem Tax Revenue	\$ 250,000	\$ 243,390	\$ 266,658	\$ 23,268
Contributions	5,000	400	400	-
Hall Rent	6,500	8,781	8,781	-
Insurance Rebate	32,000	48,998	48,998	-
Interest Income	100	100	100	-
State Revenue Sharing	2,393	2,392	2,405	13
Miscellaneous Income	-	23	23	-
Total Revenues	295,993	304,084	327,365	23,281
Expenditures:				
Salaries and Related Benefits	60,000	56,045	54,694	(1,351)
Bad Debts	-	-	13,179	13,179
Building Maintenance	30,000	28,107	26,931	(1,176)
Cleaning	2,200	1,981	1,981	-
Communications	2,000	847	847	-
Insurance	41,500	44,980	44,980	-
Medical Supplies	-	2,022	2,022	-
Office Supplies	6,500	5,389	6,213	824
Pension Fee	-	-	10,090	10,090
Professional Fees	7,000	5,329	5,329	-
Utilities	17,000	13,915	13,915	-
Vehicle Maintenance	15,000	30,885	30,885	-
Miscellaneous	12,000	13,024	13,281	257
Transfers to Volunteer Fire Department	6,000	18,000	18,000	-
Capital Outlay	-	26,762	27,938	1,176
Debt Service	22,406	22,406	22,406	-
Total Expenditures	221,606	269,692	292,691	22,999
Excess (Deficiency) of Revenues Over Expenditures	74,387	34,392	34,674	282
Cash - Beginning of the Year	68,199	68,199	74,371	6,172
Cash - End of the Year	\$ 142,586	\$ 102,591	\$ 109,045	\$ 6,454

See independent accountant's review report.

Other Supplemental Information

MEMBER
American Institute of
Certified Public
Accountants

Phil Hebert, CPA
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MEMBER
Society of Louisiana
Certified Public
Accountants

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
Livingston Parish Fire Protection District No. 2
Springfield, Louisiana

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Livingston Parish Fire Protection District No. 2 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Livingston Parish Fire Protection District No. 2's compliance with certain laws and regulations during the year ended December 31, 2011 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

There were two expenditures for more than \$20,000. A payment for insurance was made for \$34,540.61. A payment was made to Hancock Bank for \$22,405.95. This is a debt-service payment on a pumper purchased on 12/08/08 that was bid out in 2008.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

Phil Hebert, CPA

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4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees listed in agreed upon procedure # 3 were also included on the listing obtained from management in agreed-upon procedure # 2 as immediate family members.

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original budget and the amendments to the original budget.

6. Trace the budget adoption and amendments to the minute book.

I traced the adoption of the original budget to the minutes of a meeting held on December 16, 2010 and traced the amendments to the minutes held on December 6, 2011.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues for the year exceeded budgeted amounts. Actual expenditures for the year exceeded budgeted amounts by 8.5%. This will result in a budget violation.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

All of the payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting the six selected disbursements indicated approval and signature from proper authorities.

Phil Hebert, CPA

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Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:13 (the open meetings law).

Livingston Parish Fire Protection District No. 2 posted the required notice of each meeting and the accompanying agenda as an open meeting as required by LSA-RS 42:1 through 42:13 (the open meetings law).

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I examined bank deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

The District had eight paid employees for the year. I examined the checks written for the year and noted nothing that would constitute bonuses, advances, or gifts. Also a reading of the minutes of the District for the year indicated no approval for these type of payments.

Prior Year Comments and Recommendations

Our prior year report dated June 17, 2011 did not include any comments are unresolved matters.

I was not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the St. Tammany Parish Recreation District No. 11 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Respectfully submitted,

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation

May 14, 2012

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Schedule of Current Year Findings and Responses
For the Year Ended December 31, 2011

Budgeting

Criteria: The Local Government Budget Act (LSA-RS 39:1301-14) requires a political subdivision to adopt a budget amendment in an open meeting when total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by 5% or more.

Condition: Actual expenditures for the year exceeded budgeted amounts by 8.5%.

Cause: The District amended the budget on December 6, 2011. The District failed to amend the budget to account for the writing off of a prior year uncollected taxes and pension expense. The prior year uncollected taxes and pension expense were recorded by the District's accounting firm subsequent to the year end.

Effect: Since the District failed to properly amend the budget, actual expenditures exceeded budgeted amounts by more than 5%. Therefore, the District is not in compliance with the Local Government Budget Act.

Recommendation: I recommend management continue to review the budget to actual revenues and expenditures on a monthly basis and amend the budget as necessary in an open meeting. I also recommend management consult their accounting firm regarding year end journal entries that may affect the budget.

Management's Response:

We will take measures to insure the budget is amended according to state law. Mary Bennett, the Board Secretary, is the responsible party in the matter.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

Phil Hebert, CPA
A Professional Accounting Corporation
600 West Pine St.
Ponchatoula, Louisiana 70454

In connection with your review of our financial statements as of December 31, 2011 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of March 6, 2012.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes(☒) No(☐) N/A(☐)

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA RS 42:1101-1124.

Yes(☒) No(☐) N/A(☐)

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes(☒) No(☐) N/A(☐)

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes(☒) No(☐) N/A(☐)

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes(☒) No(☐) N/A(☐)

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes(☒) No(☐) N/A(☐)

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes(☒) No(☐) N/A(☐)

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes(☒) No(☐) N/A(☐)

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes(☒) No(☐) N/A(☐)



Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes(☒) No(☐) N/A(☐)

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

 Secretary 3-6-12 Date
 Treasurer _____ Date
Berni - Rose President 3-6-12 Date